THYE HUAT CHAN SDN BHD

v.

THYE SHEN TRADING SDN BHD & ANOR

HIGH COURT MALAYA, KUALA LUMPUR
ABDUL AZIZ MOHAMAD FCJ
[ORIGINATING MOTION NO: D2-25-8-1997]
4 JULY 2008

TRADE MARKS: *Trade description - Trade description order - Validity of order - Trade description order made by court in respect of trade mark - Order extracted in respect of get-ups - Wrong order extracted and used in prosecution of respondents - Trade description order null and void - Amendment under slip rule not possible because order had expired - Basis for action and prosecution for an offence did not exist - Trade description order also bad for not identifying infringing trade mark by means of verbal description of it - Identification by merely annexing representation of infringing trade mark insufficient for purposes of s. 16 of Trade Descriptions Act 1972*

TRADE MARKS: *Trade description - Trade description order - Application for - Application to be made inter-partes where identity and particulars of infringing party is known - Infringing party regular traders with fixed addresses - Infringing party might wish to oppose application for trade description order - Ex parte order set aside for non-disclosure - Ex parte application may be made only in appropriate cases*

The two applications herein arose from a trade description order ("TDO") made on 13 November 1997. Two trade marks had been registered in Part A of the Register of Trade Marks in class 3a in the name of Thye Huat Chan Sdn Bhd ("THC") as their proprietor. The goods in which the parties were interested in were tapioca starch. On 22 August 1997, THC, by an *ex parte* notice of motion, applied for a TDO under s. 16 of the Trade Descriptions Act 1972 ("the Act"). THC referred to the two registered trade marks as the CAP KAPAL ABC trade marks. THC claimed that unauthorized use of the trade mark infringed its ownership rights in the trade mark and was also an act of passing off. THC filed an affidavit exhibiting the alleged infringing trade mark. As for the alleged infringing trade mark, three photos were exhibited. They were photos of sacks of tapioca starch held out as being produced in Thailand that THC bought from three different shops. The court then on 13 November 1997, made an

order declaring that each of the trade marks was for the purposes of the Act a false trade description in its application to flour. The subject matter of the order was the three infringing trade marks that appeared on the bags of tapioca starch in the three photos. THC's then solicitors filed a draft of the TDO, whose wording reflected the order that the judge made, including the reference to the three photos by way of specifying the infringing trade marks. But someone in the Registry thought that the subject of the order was get-ups, and accordingly amended the draft to become an order about get-ups. The order that was approved and extracted was therefore not the order that the judge had granted. THC's solicitors did not take steps to have the mistake corrected. On a complaint by THC after obtaining the TDO, the Controller's officers seized from the premises of the respondents bags of alleged infringing tapioca starch. The respondents argued, *inter alia*, that: (i) the TDO that was extracted and acted upon was not what the judge had ordered and thus it should be set aside; (ii) the TDO was bad because it did not give a description of the infringing trade marks but merely annexed photos of them; and (iii) failure by THC to make full and frank disclosure when applying for the order. It was argued that THC failed to disclose to the court the fact that the respondents had been importing and selling tapioca starch bearing the ABC trade mark.

Held (setting aside the TDO on technical grounds):

(1) A get-up and a trade mark are two entirely different things. Since the TDO that was made was in respect of trade marks, the court did not make the TDO which was extracted and acted upon and used in the prosecution of the respondents, which was in respect of get-ups. The TDO in the form in which it was extracted was never granted and therefore had no basis for its existence. It was null and void. (para 23)

(2) A strict attitude is particularly called for towards extracted orders not representing the order made, in view of the fact that a TDO is not only a piece of conclusive evidence but also virtually creates an offence. An amendment under the slip rule was not possible because the TDO had expired on 12 November 2002, even before the close of submission. The guilt of the respondents on 1 July 1998, when action was taken against them, depended on the TDO. If the TDO was invalid, the basis for action and prosecution for an offence on 1 July 1998 did not exist. (para 23)

(3) A TDO would be bad if it does not identify the infringing trade mark by means of a verbal description of it and that identification by merely annexing a representation of the infringing trade mark would not satisfy s. 16. The TDO in this case was bad in law and accordingly was set aside. (paras 29, 31)

(4) Before applying for the TDO, THC was aware that the respondents and other traders had been importing and selling tapioca starch with the ABC trade mark and knew of their identities and particulars. The respondents were regular traders with fixed addresses dealing with a food product who might wish to oppose an application for a TDO. If the respondents had been made parties to the application for the TDO, then, even if the order was ultimately granted, the respondents would have been able to take steps to avoid seizure and prosecution. (paras 32 & 34)

(5) In certain cases an application for a TDO should be made *inter partes*. An *ex parte* application can still be made in cases such as those involving the use of a trade mark on counterfeit goods sold by pasar malam or other petty traders. The seizure of the respondents' goods and their prosecution could have been avoided had there been disclosure and the application was dealt with *inter partes* at the outset. The TDO was therefore also to be set aside for non-disclosure. (para 34, 35 & 36)

Case(s) referred to:

Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd [2000] 8 CLJ 85 HC ***(refd)***

Dalam Perkara Johnson & Johnson [1993] 3 CLJ 127 HC ***(refd)***

Majuperak Tepung Beras Sdn Bhd v. Tiga Gajah Cho Heng Sdn Bhd [2001] 3 CLJ 241 CA ***(refd)***

Parkson Corporation Sdn Bhd v. Fazaruddin Ibrahim [2002] 4 CLJ 18 ***(refd)***

Re Chan Kuan Sang [1992] 4 CLJ 2104; [1992] 1 CLJ (Rep) 421 HC ***(refd)***

Socoil Corporation Bhd v. Ng Foo Chong & Anor [1981] 1 MLJ 7 ***(refd)***

Tiga Gajah Cho Heng Sdn Bhd v. Majuperak Tepung Beras Sdn Bhd [1997] 1 CLJ Supp 52 HC ***(refd)***

Legislation referred to:
Trade Descriptions Act 1972, ss. 3, 4, 5, 16(1), (2), (3), 34
Trade Marks Act 1976, ss. 38(1), 45

Other source(s) referred to:
Christopher Wadlow, *The Law of Passing Off,* 1990, p 351

For the applicant - Dato' Ambiga Sreenevasan (Janini Rajeswaran & James Yap with her); M/s Lee Hishammuddin Allen & Gledhill
For the 1st & 2nd respondents - Michael CM Soo (Ng Kim Poh with him); M/s Shook Lin & Bok

Reported by Amutha Suppayah

JUDGMENT

Abdul Aziz Mohamad FCJ:

[1] These two applications arose from a trade description order ("TDO") that I made on 13 November 1997.

[2] Two trade marks have been registered in Part A of the Register of Trade Marks in class 3a in the name of Thye Huat Chan Sdn Bhd ("THC") as their proprietor. One is Trade Mark No. 87/01110, which was registered as from 20 March 1987, which was also the date of the application for registration. The other is Trade Mark No. 93/07762, which was registered as from 4 October 1993, which was also the date of the application for registration.

[3] Although of later registration, it is convenient to first describe Trade Mark No. 93/07762. It consists of the letters ABC arranged in a triangle with the letter A above the letters BC and in such a way that the three letters together form a triangle within the enclosing triangle. The enclosing triangle has a base strip shaped like the hull of a boat, so that the entire design may be said to represent a sailing boat. Under the base strip are the words Cap Kapal ABC.

[4] The earlier Trade Mark No. 87/01110 also features the design of the other trade mark, that is, the letters ABC in a triangle with a base strip, but this is enclosed within two concentric circles. In the circular rim formed by the two circles are five stars at the top and, at the bottom, the words Cap Kapal Abc Dan Bintang Lima.

[5] The registration of the two trade marks is subject to the disclaimer that it gives no right to the exclusive use of the letters ABC. I wish to straight away dispose of the question of the disclaimer, which is one of the questions that has arisen in this case, by saying that, in my judgment, the disclaimer does not debar any right to the exclusive use of a mark consisting of those words in a triangle as in the two registered trade marks.

[6] The goods in which the parties are interested in this case are, as the parties term them, tapioca starch. Trade Mark No. 87/01110, although registered, besides other goods, in respect of rice and sago flours, is not registered in respect of tapioca starch. Trade Mark No. 93/07762 is registered in respect of tapioca starch, the term used in the registration being "tapioca flour". It is registered also in respect of rice flour, sago flour and other goods.

[7] On 22 August 1997, THC, by an *ex parte* notice of motion, applied for a TDO under s. 16 of the Trade Descriptions Act 1972 ("the Act"). Subsections (1), (2) and (3) of the section provide as follows:

> (1) Where any person being a proprietor or registered user of a registered trade mark within the meaning of any written law relating to trade marks or being otherwise entitled at law to the protection of a trade or other mark or a get-up for any goods or services established:
>
> (a) in the case of a registered trade mark, that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law; or
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> (b) in the case of a trade or other mark or get-up for any goods or services, that his rights in respect of such trade or other mark or get-up are being infringed in the course of trade as a result of which he has a right of action for passing off, the High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up as the case may be is for purposes of this Act a false trade description in its application to such goods as may be specified in the order.
>
> (2) An order of the High Court made under this section may be referred to as a trade description order.

(3) A subsisting trade description order made by any High Court in Malaysia shall be admissible in evidence in any proceedings under this Act in which it is relevant as conclusive proof of a false trade description.

[8] Among the persons who may apply under s. 16 are "a proprietor … of a registered trade mark" and a person who is "otherwise entitled at law to the protection of … a get-up for any goods". As to what a get-up is, Christopher Wadlow says in *The Law of Passing Off* [1990] at p. 351:

> The term 'get-up' is normally used in passing off to mean the whole visible external appearance of goods in the form in which they are likely to be seen by the public before purchase. If the goods are sold in packages, then their get up means the appearance of the pack taken as a whole. If they are sold or displayed unpackaged, then the get up relied upon can only be that inherent in the goods themselves.

A get-up is therefore something entirely different in concept from a trade mark, although a trade mark may appear in the get-up.

[9] In the case of the proprietor of a registered trade mark, to be entitled to a TDO he must establish what is laid down in para. (a) of sub-s. (1) of s. 16, that is to say, that his rights in respect of the trade mark are being infringed in the course of trade within the meaning of the Trade Marks Act 1976, which in s. 38(1) provides, *inter alia*, that "A registered trade mark is infringed by a person who, not being the registered proprietor of a trade mark or registered user of a trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to the goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken … as a trade mark".

[10] In the case of a person entitled to the protection of a get-up for any goods, to be entitled to a TDO he must establish what is laid down in para. (b) of sub-s. (1) of s. 16, that is to say, that his rights in respect of the get-up are being infringed in the course of trade as a result of which he has a right of action for passing off.

[11] Where the applicant is the proprietor of a registered trade mark, the TDO that is to be made is, according to sub-s. (1) of s. 16, an order declaring that the infringing trade mark is for the purposes of the Act a false trade description in its application to such goods as may be specified in the order. Where the applicant is a person entitled to the protection of a get-up for any goods, the TDO is in the same terms, except that its subject is the infringing get-up instead of the infringing trade mark. In either case, since a TDO is a declaration, and the subject of the declaration is an infringing trade mark or an infringing get-up, the order must identify the infringing subject.

[12] In its affidavit (which was in Malay) in support of its application under s. 16, THC referred to the two registered trade marks as the Cap Kapal ABC trade marks. In that affidavit THC, *inter alia*, said or claimed as follows. Besides being the registered proprietor of the Cap Kapal ABC trade marks, it was under the common law the proprietor of rights in the trade marks in Malaysia in respect of flour-based goods (barangan berasaskan tepung) since 1982. The first time it sold flour-based goods under the Cap Kapal ABC trade mark in Malaysia was in 1987. It had the exclusive right to use that trade mark in packaging and distributing flour-based goods. It had found that the Cap Kapal ABC trade mark was being used without its licence on packages of flour which were not packaged or sold by it and which were available for sale to the general public in Malaysia. The unauthorized use of the trade mark infringed its ownership rights in the trade mark and was also an act of passing off.

[13] It was clear to me that THC was applying under s. 16 as a proprietor of the registered trade marks and not as a person otherwise entitled at law to a get-up for flour, and that what it was seeking was a declaration that the alleged infringing trade mark was a false trade description. But as the alleged infringing trade mark was not exhibited I ordered that it be exhibited.

[14] THC accordingly filed an affidavit dated 28 October 1987 to exhibit the alleged infringing trade mark. It also exhibited a photo of a sack of tapioca starch that it distributed under the Cap Kapal ABC trade mark. The sack bore the trade mark that is registered as Trade Mark No. 93/07762, which is just the letters ABC in a triangle with a strip of base. As for the alleged infringing trade mark, three photos were exhibited as exhs. NTS2, NTS3 and

NTS4. They were photos of sacks of tapioca starch held out as being produced in Thailand that THC bought from three different shops after I asked that the alleged infringing trade mark be exhibited. Photo NTS2 was of four bags from one shop, photo NTS3 was of one bag from another shop and photo NTS4 was of one bag from yet another shop. Each of the six bags bore the trade mark of the letters ABC in a triangle like those in Trade Mark No. 93/07762, except that the triangle in each case did not have a strip of base. Further, the shaping of the letters ABC in the three exhibits differed slightly from one another and also from that of the letters ABC in Trade Mark No. 93/07762. The letters ABC on the four sacks in photo NTS2 were identical, so that photo NTS2, to all intents and purposes, represented one trade mark.

[15] I was satisfied, on a comparison of the three trade marks on the bags in the three photos and on the facts adduced by THC, that its rights in respect of Trade Mark No. 93/07762 were being infringed in the course of trade within the meaning of the Act. My satisfaction was under para. (a) of s. 16(1). I therefore, on 13 November 1997, made an order declaring (in Malay) that each of the trade marks that was represented in exhs. NTS2, NTS3 and NTS4 was for the purposes of the Act a false trade description in its application to flour. The subject matter of my order was the three infringing trade marks that appeared on the bags of tapioca starch in the three photos.

[16] THC's then solicitors duly filed a draft of the TDO, whose wording reflected the order that I made, including the reference to the three photos by way of specifying the infringing trade marks. But someone in the registry, probably the Senior Assistant Registrar, and probably because the photographs were of sacks with words and figures on them besides the letters ABC in a triangle, thought that the subject of the order was get-ups, and accordingly amended the draft to become an order about get-ups. The order that was approved and extracted was therefore not the order that I granted, but THC's solicitors, who would or should have noticed the change, did not take steps to have the mistake corrected.

[17] The sole purpose of a TDO is to aid in the enforcement of the Act, which is a penal statute enforced by the Controller of Trade Descriptions, a designation that includes the Deputy Controller and Assistant Controller. Under s. 3, it is an offence

for any person, in the course of a trade or business, to apply a false trade description to any goods or to supply or offer to supply any goods to which a false trade description is applied. Section 4 defines a trade description as an indication, direct or indirect, and by whatever means given, of various specific matters with respect to any goods. Of those matters I will mention only the matter of person by whom the goods are manufactured, produced, processed or reconditioned. Section 5 defines a false trade description as a trade description that is false to a material degree. Thus if A, who manufactures a certain goods, applies to the goods an indication that it is manufactured by B, and offers to supply the goods in the course of a trade or business, he commits an offence under s. 3.

[18] In the course of dealing with applications for a TDO in the past, I formed the impression that, in cases where there had been an unauthorized application to goods of a trade mark belonging to someone, the controller had not been inclined to take action towards prosecuting the person concerned for an offence under s. 3 without a TDO. The reason for that is probably the difficulty or impossibility of proving, from the fact of application of the infringing trade mark, what, among the matters specified in s. 4, the application of the trade mark is an indication of and that, whatever the indication may be, it is false. But if there is a TDO declaring the infringing trade mark to be a false trade description, then it furnishes conclusive proof of a false trade description by virtue of sub-s. (3) of s. 16, so that by virtue of the TDO there is conclusive proof that by applying the infringing trade mark to the goods a false trade description has been applied to them. So in a prosecution for an offence under s. 3, with the existence of a TDO, it will not be necessary to establish what matter, among the matters specified in s. 4, the trade mark is an indication of or to prove that the matter indicated is false. A TDO therefore is not only evidentiary in nature, it also in a sense creates an offence, because an act that may not be capable of being proved to be an offence under s. 3 can now, with the TDO, be conclusively proved to be an offence. As I have said elsewhere, a TDO is a formidable instrument.

[19] In this case, on a complaint by THC after obtaining the TDO, on 1 July 1998 the controller's officers seized from the premises of Thye Shen Trading Sdn Bhd ("TST") and Teong Fatt Commodities (M) Sdn Bhd ("TFC") bags of tapioca starch bearing

the letters ABC within a triangle, each of 20 kilograms. 2000 bags were seized from TST and 955 bags from TFC. Seizures were also made from the premises of other traders.

[20] On 1 August 1998 TST and TFC, by separate applications, applied to intervene in this action in order, *inter alia*, to have the TDO set aside or, alternatively, to have the Register of Trade Marks rectified by expunging therefrom Trade Mark No. 87/01110 and Trade Mark No. 93/07762. On 25 May 1999, I granted leave to intervene to TST and TFC, who have since become respondents in this action, which was commenced *ex parte* by THC the applicant. TST and TFC have not pursued their alternative prayer for rectification of the register. I think that is a right decision because if THC had applied for the TDO *inter partes* at the outset, I would not think it right that TST and TFC, in resisting the application, which was made under s. 16 of the Act on the statutory basis of THC's being the proprietor of those registered trade marks, should be allowed to apply for rectification of the register. An application for rectification of the register should be made separately under s. 45 of the Trade Marks Act 1976 "in the prescribed manner" and not be introduced by way of resisting an application for a TDO under s. 16 of the Trade Descriptions Act 1972. It is the applications of TST and TFC that are now under consideration.

[21] After TST and TFC filed their applications, they were charged under s. 3 of the Act in respect of the bags of tapioca starch seized from their premises. Other traders who have suffered seizures on the strength of the TDO have also been similarly charged. The trials of TST and TFC have been suspended to await the outcome of these applications.

[22] As a substantive issue, these applications question THC's right to exclusive use of the trade mark ABC within a triangle. Other issues of a technical or procedural nature have also arisen. I will deal first with these other issues.

[23] The respondents argue that for the reason alone that the TDO that was extracted and acted upon was not what I ordered, it should be set aside. The thrust of THC's argument is that the respondents and the Controller were never in doubt that the subject of the TDO was the trade marks and not the get-ups in the photos that were exhibited. As I said before a get-up and a

trade mark are two entirely different things. Since the TDO that I made was in respect of trade marks, I did not make the TDO which was extracted and acted upon and will be used in the prosecution of the respondents, which is in respect of get-ups. The TDO in the form in which it was extracted was never granted and therefore has no basis for its existence. In my judgment it is null and void and ought to be set aside. A strict attitude is particularly called for in this case towards extracted orders not representing the order made, in view of the fact, as explained earlier, that a TDO is not only a piece of conclusive evidence but also virtually creates an offence. THC suggests that the extracted order be amended under the slip rule. In my judgment an amendment is not possible because the TDO has expired on 12 November 2002, even before the close of submission. But more importantly, the guilt of the respondents on 1 July 1998, when action was taken against them, depends on the TDO. If the TDO was invalid, the basis for action and prosecution for an offence on 1 July 1998 did not exist. For a meaningful amendment of the TDO, it has to be made with retrospective effect, but that would be going against the rule against retrospectivity of criminal liability.

[24] Another technical point concerns the manner of identifying the infringing trade mark in a TDO. The point arises from the decision of the Court of Appeal in *Majuperak Tepung Beras Sdn Bhd v. Tiga Gajah Cho Heng Sdn Bhd* [2001] 3 CLJ 241 CA, which was an appeal from the High Court judgment in *Tiga Gajah Cho Heng Sdn Bhd v. Majuperak Tepung Beras Sdn Bhd* [1997] 1 CLJ 52 HC. In that case, going by the High Court judgment, the respondent in the appeal (Tiga Gajah) was the owner of a registered trade mark consisting of an elephant device within an oval in respect of rice flour and other goods. The appellant in the appeal (Majuperak) sold rice flour under a trade mark consisting of a full drawing of an elephant, that is, not simply an elephant device. The respondent obtained *ex parte* a TDO which identified the infringing trade mark as "the Elephant device as is more specifically represented in the Schedule hereto or any other device which is colourably and/or confusingly similar thereto, affixed (etc.) on … rice flour (etc.) not manufactured (etc.) by the applicant (ie, Tiga Gajah) (etc.)" and declared that it shall be deemed a false trade description within the meaning of the Act. The elephant device in the Schedule to the TDO was the respondent's own elephant device. Acting on the TDO, the Controller's men raided

the appellant's factory. The appellant applied, *inter alia*, for the setting aside of the TDO. The High Court dismissed the appellant's application.

[25] It will be seen that the TDO identified the infringing trade mark in two ways. One was specifically, by reference to the elephant device as depicted in the Schedule, but it was the respondent's own trade mark. The other was the general and broad description of "any other device which is colourably and/or confusingly similar" to the elephant device. In either case, the infringing trade mark was further described as being affixed to rice flour not manufactured by the respondent.

[26] The Court of Appeal allowed the appeal and set aside the TDO. The Court of Appeal's reason can be seen in the following words of Gopal Sri Ram JCA at p. 247:

> That brings me to the critical question. Did the respondent identify the infringing trademark with sufficient precision? Ms Abraham says that it did. She says that the relevant mark was annexed to the order. I have looked at the order with care. I can find nothing in it that identifies the infringing mark with precision. It merely refers to 'the elephant device as is more specifically represented in the schedule'. There is no other description of the mark either by reference to colour or other distinguishing feature. In these circumstances, merely annexing a mark to the order without proper description does not satisfy the requirements of s 16. There has, therefore, been non-compliance with the terms of the said section when the *ex parte* order was obtained.

[27] The respondents argue, on the basis of that passage, that according to the Court of Appeal a TDO is bad if the infringing trade mark is not described but is merely affixed to the order. Therefore the TDO in the present case is bad because it does not give a description of the infringing trade marks but merely annexed photos of them.

[28] THC argues that the Court of Appeal could not have meant that affixing the infringing trade mark to a TDO is insufficient. THC argues that the reason the Court of Appeal set aside the TDO in that case was because it declared the respondent's own trade mark as the infringing trade mark, as well as a trade mark that was colourably or confusingly similar to it.

[29] To me it is clear from the passage quoted that to the Court of Appeal a TDO would be bad if it does not identify the infringing trade mark by means of a verbal description of it and that identification by merely annexing a representation of the infringing trade mark would not satisfy s. 16.

[30] The ruling of the Court of Appeal was made after finding that the views that had been expressed earlier by me in *Chan Kuan Sang, Re* [1992] 4 CLJ 2104; [1992] 1 CLJ (Rep) 421 and *Dlm Perkara Johnson & Johnson* [1993] 3 MLJ 122 and by Vincent Ng J (now JCA) in *Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd* [2000] 8 CLJ 85 HC correctly represented the law governing applications for a TDO. I have, however, to explain that in *Chan Kuan Sang* and *Johnson & Johnson* when I said that a TDO must precisely and specifically identify the infringing trade mark I meant that it must be the very trade mark to which the court's attention had been directed in the application as the trade mark that the applicant complained of as having infringed his trade mark. I was thinking of the practice of including in a TDO, as an infringing trade mark, any other mark that is colourably or confusingly similar to the trade mark that is the subject of the applicant's complaint, as happened in the *Majuperak* case. I was of the view, for the reasons explained in those cases, that an infringing trade mark ought not to include a trade mark indentified in such general terms, which would give rise to a controversy, when it comes to using the TDO as conclusive proof in a particular prosecution involving the use of what the prosecution claims to be a colourably or confusingly similar trade mark, whether the trade mark is so similar. I did not mean to say that in the case of a particular infringing trade mark it must be identified in a TDO by means of a verbal description of it instead of, or in addition to, an identification by means of a visual representation of it.

[31] I am, however, now bound by the Court of Appeal's decision in the *Majuperak* case to hold that the TDO in this case was bad in law and accordingly to set it aside.

[32] Another ground of a technical or procedural nature that the respondents rely on for setting aside the TDO is failure to make full and frank disclosure when applying for the order. Several instances of this have been cited but I consider that only one merits consideration. It is that THC failed to disclose to the court

the fact that the respondents had been importing and selling tapioca starch bearing the ABC trade mark. It is a fact that, before applying for the TDO, THC was aware that the respondents and other traders had been importing and selling tapioca starch with the ABC trade mark and knew of their identities and particulars because in May 1996 THC's solicitors sent cease and desist letters to them. The respondents and these other traders were not pasar malam traders of counterfeit goods with no fixed addresses who would, moreover, not be interested to oppose an application for a TDO. They were regular traders with fixed addresses dealing with a food product who might wish, as certainly the respondents did, to oppose an application for a TDO.

[33] If the particulars of the respondents had been disclosed, I would, in accordance with the attitude that I had always adopted, have ordered that the application be served on them with a view to hearing it *inter partes*. In fact, in *Socoil Corporation Bhd. v. Ng Foo Chong & Anor.* [1981] 1 MLJ 7, the Federal Court said at p. 8H (right) that although section 16 does not require the hearing of an application for a TDO to be *inter partes*, the court may direct the papers to be served on an interested or affected party. THC says that when, on my instructions, they exhibited photos of the infringing trade marks, one of them disclosed the name of another infringer on the bags of tapioca starch, but I nevertheless proceeded to deal with the application on an *ex parte* basis. The photos were not, however, intended as a disclosure of the identity and particulars of the traders but only to show what the alleged infringing trade marks looked like. There was no express disclosure by affidavit of the identity and particulars of the traders. Moreover, if what THC intends is the photo of the four bags, in the court file it is a photostat copy of a photograph, from which the particulars of the trader cannot be made out.

[34] As I said earlier, the only purpose of a TDO is to aid in the enforcement of the Act by functioning as proof of an offence involving the application of a false trade description in cases where there has been an unauthorized application to goods of a trade mark. A TDO is conclusive proof in such a case of a false trade description. And in view of the seeming reluctance that I have adverted to, to take action in a case without the aid of a TDO, so that, as I have tried to explain, a TDO in a sense creates an

offence besides being evidentiary, until a TDO was made in this case, there would have been no evidence on which to prosecute the respondents? and virtually they would, besides, not have committed an offence? and their goods would not have been seized. If the respondents had been made parties to the application for the TDO, then, even if the order was ultimately granted, the respondents would have been able to take steps, which I think would have been perfectly legal, to avoid seizure and prosecution, such as by repacking the tapioca starch in bags that did not bear the infringing trade mark before the controller's officers could get to them. In the present case it took several months after the TDO was made for the controller's officers to seize the respondents' goods. It is true that this means that in *inter partes* cases it may be pointless to obtain a TDO, pointless, that is, from the point of view of use of the TDO, although not entirely, because the errant trader would have been shown his error and desisted from it, so that the TDO would have served to prevent further infringement and to remove an undesired competition. But that result is unavoidable. It arises from the greater need that before such a drastic instrument is created to be used against a person, he should, in a case such as this, be given an opportunity to oppose its making. In this connection, THC's argument that to proceed with its application *inter partes* would have been inconvenient because, besides the respondents, whom they were not specially targeting, there were many other traders trading in tapioca starch under the ABC trade mark, is no valid excuse. THC in fact concedes that in certain cases an application for a TDO should be made *inter partes*.

[35] THC argues that the argument that if the respondents had been made parties they could have taken certain steps to avoid action in the event that the order was made is not available to the respondents if the court finds that they were infringers because otherwise an *ex parte* application for a TDO can never be made. It is a difficult argument to follow, but I will say that an *ex parte* application can still be made in cases such as those involving the use of a trade mark on counterfeit goods sold by pasar malam or other petty traders.

[36] THC argues that now that the matter is heard *inter partes*, if the court finds that THC's trade mark has been infringed and therefore the TDO was properly made, it ought not to be set aside for reason of non-disclosure of the respondents. But the damage has been done. The respondents' goods have been seized and they are facing prosecution. That could have been avoided had there been disclosure and the application was dealt with *inter partes* at the outset. The TDO has, therefore, to be set aside for non-disclosure.

[37] Finally THC argues that the respondents did not cease their infringing activities despite having being given the cease and desist letter and therefore the TDO ought not to be set aside for non-disclosure. But the cease and desist letter did not specifically threaten the sanction of criminal proceedings by means of a TDO. THC threatened to commence legal proceedings for infringement of its intellectual property rights in its trade marks. The letter and threat had a civil flavour. The failure to cease and desist may be relevant in a suit for infringement of the trade marks, but is irrelevant to the question of setting aside the TDO for non-disclosure.

[38] I will now deal with the respondents' substantive ground for setting aside the TDO. This is stated in paras. 25 and 26 of the respondents' written submission dated 9 June 2000. It is that THC is not the originator or the common law proprietor of the ABC trade mark. As to why THC is not such, the reason given in respect of the respondent TST is worded differently from that in respect of the respondent TFC, although, in respect of both, the reason is related to the dates THC applied for and obtained registration of Trade Mark No. 87/01110 and Trade Mark No. 93/07762, the dates being 20 March 1987 and 4 October 1993 respectively. The respondents, however, qualify in para. 25 the question of the dates by saying that THC cannot rely on the registration of Trade Mark No. 87/01110 because that trade mark is not registered in respect of tapioca starch. I take it, therefore, that to the respondents the reason given in paras. 25 and 26 is related to the date for Trade Mark No. 93/07762 only, which is 4 October 1993.

[39] I will deal first with the case of TFC. The reason given in para. 26 is that TFC's predecessor in title, Tong Huat Trading Co., had imported, distributed and sold tapioca starch bearing the ABC trade mark since 1980, that is before 4 October 1993, the

A date for Trade Mark No. 93/07762. For proof, TFC exhibited documents comprising customs declaration forms and invoices, as to which THC says in para. 26 of its written submission dated 26 November 2002 that references to the ABC trade mark are only found in documents dated 1994 and after. I find this to be
B true. TFC has therefore failed to prove its claim that its predecessor had imported, distributed and sold tapioca starch bearing the ABC trade mark before 4 October 1993 and therefore fails in its reason for contending that THC is not the originator or common law proprietor of the ABC trade mark.

C

[40] As regards TST, the reason given in para. 25 of its written submission dated 9 June 2000 is that it had been using the ABC trade mark in respect of tapioca starch openly since 1986, that is before 4 October 1993, the date for Trade Mark No. 93/07762.
D Although, as THC argues in para. 24 of its written submission dated 26 November 2002, the documents that TST relies on for proof do not prove the date 1986 claimed by TST, there are documents dated 1990 and after that refer to goods bearing the ABC trade mark, and 1990 was before 4 October 1993. TST has
E therefore substantiated its claim that it has been using the ABC trade mark in respect of tapioca starch openly before 4 October 1993, which date is used as the reason for contending that THC is not the originator or common law proprietor of the ABC trade mark.

F

[41] But to overcome that contention, THC relies on a claim that, as between THC and TST, THC was the first to use the ABC trade mark in Malaysia, having been using it since 1980. Although the documents relied upon by THC as proof, as set out
G in para. 20 of its written submission dated 26 November 2002, do not furnish proof as regards the year 1980, there are documents that show that THC had been supplying goods bearing the ABC trade mark in 1984, that is before the year 1986 claimed by TST. I do not think it is necessary for me to deal with THC's further
H claim that the ABC trade mark had been assigned by its predecessor Thye Huat Chan who had been using it since 1973.

[42] I therefore find that the respondents fail in their substantive ground for setting aside the TDO. The order is, however, set aside on the technical grounds that I have dealt with earlier.

I

[43] The respondents also seek damages to be assessed by the registrar. The Court of Appeal has ruled in *Parkson Corporation Sdn Bhd v. Fazaruddin Ibrahim* [2002] 4 CLJ 18 that where a TDO is set aside the High Court has jurisdiction to order assessment of damages. THC relies on s. 34 of the Act which provides as follows:

> No person shall in any proceedings before any Court in respect of the seizure of any goods seized in exercise or the purported exercise of any power conferred under this Act be entitled to the costs of such proceedings or subject to section 32 to any damages or other relief unless such seizure was made without reasonable or probable cause.

[44] I am of opinion that the section is intended to protect enforcement officers and their employer the Government from a claim for damages for seizure of goods under the Act, and does not apply to a claim for damages between traders upon the setting aside of a TDO. I therefore order that THC pay damages to the respondents to be assessed by the registrar but the damages are to be confined to those directly arising from the seizure of the respondents' goods on 1 July 1998. I think that damages ought to be ordered because, if THC had made disclosure of the respondents and the application for the TDO had been dealt with *inter partes*, the respondents would have been able to lawfully avoid the seizure even if the TDO was granted.

[45] I order costs for the respondents.